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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION
Water Advisory Branch

RESOLUTION NO. W-4321
FEBRUARY 7, 2002

R E S O L U T I O N

(RES. W-4321), ARROWHEAD MANOR WATER COMPANY, INC. (AMWC). ORDER AUTHORIZING AN OFFSET RATE INCREASE OF \$14,959 OR 5.3% IN ADDITIONAL REVENUE DUE TO PURCHASED WATER, CONTRACT WORK, AND PURCHASED POWER COSTS.

SUMMARY

By Advice Letter 44-W, filed August 17, 2001, AMWC seeks to increase rates by \$14,959 or 5.3% to cover expenses incurred in purchased water, contract work, and purchased power costs. The increase will not result in a rate of return greater than last authorized for AMWC.

BACKGROUND

AMWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to adjust rates to offset the increase in its purchased water, contract work, and purchased power costs.

Pursuant to Commission Decision (D.) 01-03-082, Southern California Edison Company (SCE) and Pacific Gas & Electric Company (PG&E) were granted a rate surcharge of \$0.03 per kilowatt-hour due to the recent increase in wholesale electricity costs. As a result of the surcharge granted to SCE, AMWC is seeking to increase its water rates by \$3,603 to offset the estimated increase in purchased power. AMWC is also requesting recovery of an additional \$11,356 through a one-time surcharge for the under collection of purchased water and contract work memorandum accounts as authorized in D.00-07-036.

NOTICE AND PROTESTS

Notice of the proposed rate increase was published in "The Mountain News" on November 27, 2001, a newspaper of general circulation. The Water Division received no letters objecting to the increase.

DISCUSSION

Pursuant to D.01-03-082, SCE's surcharge rates have resulted in a \$3,603 increase in purchased power costs for AMWC and the increase in purchased water and contract work authorized in D.00-07-036 added an additional \$11,356 for a total increase of \$14,959.

Since AMWC has both flat rate and metered customers, AMWC is requesting the increase in purchased power costs be prorated to the flat rates and metered rates based on the total number of customers and that the recovery of the purchased water and contract work be applied to the customers through a one-time surcharge. Water Division has no objection.

AMWC's Summary of Earnings, submitted with this advice letter, indicates AMWC is earning a negative rate of return. D.00-037-036 authorized AMWC a rate of return of zero percent. AMWC is not over earning its authorized rate of return. The offset increase requested herein is for the purpose of recovering in rates on a dollar-for-dollar basis changes in items that have occurred or were mandated when the present rates became effective. This rate increase will not result in a return greater than that previously authorized.

FINDINGS

1. The Commission finds, after investigation by the Water Advisory Branch, that the rate increase hereby authorized is justified, and the resulting rate is just and reasonable.

February 7, 2002

THEREFORE IT IS ORDERED THAT:

1. Arrowhead Manor Water Company is authorized, five days after the effective date herein, to make effective the revised rate Schedules Nos.1A, Annual Metered Service, and 2RA, Annual Residential Flat Rate Service, attached to Advice Letter 44-W, and to concurrently cancel the presently effective rates.
2. Arrowhead Manor Water Company, Inc. is directed to maintain a balancing account as required by Public Utilities Code Section 792.5 and memorandum accounts as required by Decision 00-07-036.
3. This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on February 7, 2002; the following Commissioners voting favorably thereon:

WESLEY M. FRANKLIN
Executive Director